

# MANAGING DIRECTOR'S MESSAGE



## Executing with Discipline, Delivering with Purpose

**Dear Valued Stakeholders,**

2025 was a year of profound calibration – it tested the global economy with geopolitical tensions, political uncertainty, technological disruption and currency volatility, all converging with deepening trade fragmentation. Tariff disputes and shifting supply chains, particularly between the United States and China, continued to redraw how nations compete and where capital flows.

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Against this challenging backdrop, Khazanah remained focused on our role as long-term steward of national assets and our responsibility of preserving and growing capital, while ensuring that the strength of our portfolio enables us to continue supporting Malaysia's long-term progress and development. In a time of rising costs and global instability, this is a mission that requires us to be more than just investors; we must be stewards and architects of national resilience.

*Alhamdulillah*, Khazanah delivered a resilient financial performance in 2025 amidst the volatility, recording a 5.2% return for the year and a seven-year rolling annualised return of 6.1%, reflecting disciplined portfolio management and sustainable value creation across economic cycles. Total assets increased to RM156 billion, with net assets standing at RM105 billion alongside RM5.6 billion in profit from operations. Supported by strong performance in the global and domestic public markets, Khazanah also paid a RM2 billion dividend to the Government during the year.



For further information on Khazanah's financial performance, please refer to pages 13–15.

This resilience did not happen by chance. It was built over many years through disciplined diversification across geographies, sectors and asset classes, alongside prudent risk management. More importantly, it gives Khazanah the ability to stay the course and act with purpose during periods of uncertainty, deploying patient and catalytic capital towards strategic national priorities that require innovation across cycles.



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# Beyond Capital: Building Industrial Depth and Capability

This philosophy continued to shape several important decisions and investments during the year.

As geopolitical competition increasingly shapes economic outcomes, countries no longer compete solely on cost or market access, but also on resilience, capability and strategic relevance within global supply chains. Malaysia has benefited significantly from investment-led growth built on competitiveness in cost, infrastructure and connectivity. The next phase of development, however, will depend not on attracting more investment alone, but on whether those investments strengthen firms, deepen industrial linkages and build higher-value capabilities. Otherwise, the economy risks remaining active without becoming meaningfully stronger.



This is where domestic capital plays an important role. Through initiatives such as Dana Impak's Jelawang Capital and Malaysia Growth Innovation Programme ("MGIP"), Khazanah seeks not only to deploy capital, but also to strengthen the ecosystem surrounding key sectors, enabling Malaysian companies, suppliers and talent to scale alongside global investments. This is already strengthening Malaysia's semiconductor ecosystem as exemplified by our investment in US-based edge AI company Syntiant, which recently expanded with a manufacturing plant in Penang, and in local fabless integrated circuit (IC) design company SkyeChip. These investments contribute towards higher-value capabilities, skilled employment and deeper participation within global technology supply chains.

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In energy and digital infrastructure, ecosystem-building efforts through companies such as UEM Lestra, Tenaga Nasional Berhad and TM continue to support Malaysia's ongoing transition towards greater connectivity, energy resilience and digital enablement.

Another significant milestone in 2025 is the privatisation of Malaysia Airports Holdings Berhad ("MAHB"). It reflects the type of stewardship required for strategic national infrastructure, where sustained investment horizons, operational transformation and institutional stability extend well beyond short-term market cycles. Airports are not merely commercial assets. They are critical enablers of global connectivity, trade, tourism and investment flows, making operational excellence and capacity planning ahead of demand essential to Malaysia's competitiveness as a regional gateway.



In supporting the connectivity strategy, our planned and committed investments in the conservation and activation of eight (8) heritage buildings around Kuala Lumpur under the Warisan KL initiative also reflects the commitment to increase Kuala Lumpur's economic potential, access to world-class public spaces and distinctive, heritage-led tourism offerings. Seri Negara at Bukit Carcosa was reopened to the public in December 2025 followed by the reopening of two other landmarks, namely the Bangunan Sultan Abdul Samad in February 2026 and Pejabat Pos Besar Lama in May 2026 respectively.

Ultimately, Malaysia's competitiveness will depend not only on attracting industries, but on building the depth of local talent and technical capability required to sustain them. Programmes such as K-Youth continue to strengthen workforce readiness in strategic sectors with 9,934 youths trained in 2025 and more than 34,000 since inception. The focus increasingly is on matching industry demand with the capabilities required in semiconductors, aviation, TVET and digital and technology industries. A stronger pipeline of skilled talent remains essential to ensuring that economic growth translates into enduring national capability.

These are investments aimed at strengthening Malaysia's industrial depth, innovation capacity and competitiveness in the industries that shape the future global economy. We cannot rely solely on remaining an attractive destination for capital. Investment activity must translate into stronger domestic capability, deeper industrial linkages and more enduring economic value.


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# Stewardship for the Long Term

As global and structural shifts grow more complex, strengthening resilience and sustainability across the portfolio has become equally important to sustaining enduring value. In 2025, Khazanah introduced the *Securing the Future* (“STF”) framework to embed sustainability and resilience more deeply into how decisions are made across the organisation. The framework strengthens how transition readiness, supply chain resilience, workforce capability and climate risks are evaluated across investments and portfolio companies, ensuring that value creation remains responsible and durable financially, operationally, economically and socially.

**For Khazanah, this is where stewardship matters most - it is about the responsibility of generating wealth today while ensuring a secure and sustainable future for tomorrow and generations to come.**

We remain steadfast in ensuring that our efforts continue to raise both the ceiling and the floor towards national competitiveness and resilience.

 For further information on the *Securing the Future* Framework, please refer to pages 56–57.



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# Advancing Malaysia: A Whole-of-Nation Effort

Building a resilient future for Malaysia is ultimately a relay race, one that requires different forms of capital, expertise and ecosystem support to work in sequence across each stage and cycle of growth. It is a responsibility Khazanah cannot carry alone; it requires a whole-of-nation approach. At its core, Advancing Malaysia reflects this enduring and shared responsibility.



I would like to take this opportunity to thank our Board of Directors, all our partners and stakeholders, whose shared commitment makes this work possible. To each of them, and to our colleagues across Khazanah whose dedication underpins everything we do, I extend my sincere appreciation.

To close, I am pleased to invite you to read The Khazanah Report 2025, which adopts a more case study-oriented approach to illustrate how Khazanah advances nation-building that deliver both commercial outcomes and broader benefits for Malaysians. Through examples across connectivity, digitalisation, energy transition, transforming firms, sustainability and community development, we hope to give readers a clearer understanding of how Khazanah approaches stewardship and investment with purpose and discipline, to advance Malaysia and deliver value to its people.

**Dato' Amirul Feisal Wan Zahir**

Managing Director, Khazanah Nasional Berhad